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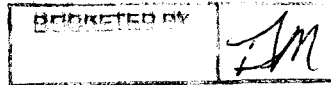
Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC. FOR
ESTABLISHMENT OF RATES FOR
WATER SERVICE.

DOCKET NO. W-02350A-10-0163

IN THE MATTER OF THE APPLICATION
OF ANASAZI WATER CO., LLC FOR
ADJUDICATION "NOT A PUBLIC
SERVICE CORPORATION."

DOCKET NO. W-20765A-10-0432

IN THE MATTER OF THE APPLICATION
OF HYDRO-RESOURCES, INC. FOR
ADJUDICATION "NOT A PUBLIC
SERVICE CORPORATION."

DOCKET NO. W-20770A-10-0473

**JOINT STATUS REPORT BY HYDRO-RESOURCES, INC.,
ANASAZI WATER COMPANY, LLC AND TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC.**

Pursuant to the Commission's Procedural Order dated May 2, 2013, Hydro-Resources, Inc. ("Hydro"), Anasazi Water Company, LLC ("Anasazi") and Tusayan Water Development Association, Inc. ("Tusayan") submit the following status report for June, 2013.

I. The Parties' Intentions Regarding Entering Into The Settlement Agreement.

These parties still intend to enter into the Settlement Agreement, if agreement can be reached on the details of the Transfer Agreement and the exhibits to that Agreement.

1 Counsel for Anasazi traveled to Phoenix on May 17 and met for approximately two hours
2 with counsel for Hydro concerning each and every remaining issue in the Transfer
3 Agreement and exhibits. Following that meeting, counsel for Anasazi transmitted
4 comprehensive redlines of the conveyance instruments and proposed edits to the Transfer
5 Agreement itself to Hydro on May 26. Hydro's counsel and staff are currently still
6 reviewing those redlines but expect to have their comments back to Anasazi shortly.

7 The parties have not exchanged further drafts of the Settlement Agreement. As
8 previously reported, it remains essentially unchanged since 2012 and should not need to be
9 edited further until conforming edits necessitated by the final form of Transfer Agreement
10 are ready to be made, if agreement is reached on the transfers. Since the last filings,
11 however, counsel for Tusayan Ventures has informed counsel that Tusayan Ventures does
12 not intend to sign the Settlement Agreement.

13 **II. Projected Date of Filing Completed, Executed Settlement Agreement.**

14 The remaining issues to be resolved in the Transfer Agreement and exhibits, which
15 in turn are driving the execution of the Settlement Agreement, have been specifically
16 identified and discussed in detail. The transaction will either come together in June or it
17 will not. If it does not, Hydro intends to file an application for a Certificate of
18 Convenience and Necessity, as previously disclosed, covering all of the current Tusayan
19 CCN area save for the Red Feather Properties campus area, and will work with Anasazi
20 and other stakeholders to address service going forward. Anasazi's intent is still to
21 dissolve and not become a public service corporation.

22 **III. Date For Filing CCN Application**

23 As indicated above, if the Settlement and Transfer Agreements cannot be completed
24 in June, absent any unforeseen circumstances, Hydro intends to proceed with filing its own
25 application for a CCN. Hydro and Anasazi intend to work with Tusayan and Commission
26 Staff so as to provide for an orderly deletion of Tusayan's CCN and transition of service.

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2 **IV. Scheduling Evidentiary Hearing/Other Procedural Guidelines**

3 Scheduling issues should await final disposition of these parties' settlement
4 attempts. If CCN applications are filed, the parties will seek accelerated treatment of same
5 so that water service matters may be resolved in Tusayan, and a schedule and related
6 procedures can be discussed then. In the meantime, Tusayan will continue to provide
7 service until a firm takeover date is established in the proceedings to cancel its CCN and
8 the proceedings for issuance of the new CCN to Hydro.

9 Dated this 3rd day of June, 2013.

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ORIGINAL and 13 COPIES of the
foregoing filed this 3rd day of June,
2013, with:

Docket Control Division
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1200 W. Washington
Phoenix, AZ 85007

COPY of the foregoing hand-delivered
this 3rd day of June, 2013, to:

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2 3rd day of June, 2013, to:

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